



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: A.T. Cross Company
COUNTRY: Japan
FACTORY CODE: 470038146H
MONITOR: Social Compliance Service Asia (SCSA)
AUDIT DATE: September 16-17, 2009
PRODUCTS: Ball Pens
PROCESSES: Assembling, Logo Printing, Inspection, Finishing, Packing, Shipping
NUMBER OF WORKERS: 252

Company Comment: A.T. Cross has been dealing with the factory for many years and has found it to be an excellent supplier. In terms of the questions asked by FLA auditors and documented in A.T. Cross audit reports, the factory believes it is in full compliance with Japanese law and that it keeps all records as deemed necessary by law. A.T. Cross has gone back several times with the remaining outstanding FLA questions, but at this point the factory is adamant that it meets the law. Since the volume of product that the factory provides is minimal as compared to other suppliers, and since planned future business through the collegiate programs for factory-made product is small, A.T. Cross has determined that the factory responses are adequate. Future programs with the factory for the collegiate program are not currently planned. As of December 2011, A.T. Cross is no longer using this factory for collegiate production.



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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: Overtime was not properly compensated. Workers received regular pay for the overtime instead of 125% for weekday regular overtime.

Law Reference: Art. 37 of the Labor Standard Law of Japan.

Plan Of Action: Plan was to correct this issue by regulating the working hours and assuring correct overtime payment after 5:30 PM in the case of part-time workers. (Full-time workers did not have such issues because the monthly payment covers the overtime wages within the allowed working hours.)

Deadline Date: 11/02/2009

Supplier CAP: Completed 11/2/09

Supplier CAP Date: 11/02/2009

Action Taken: Plan was implemented on November 2, 2009 to regulate the working hours and assure correct overtime payment after 5:30 PM in the case of part-time workers. (Full-time workers did not have such issues because the monthly payment covers the overtime wages within the allowed working hours.)

Plan Complete: Yes

Plan Complete Date:

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: Suggestion boxes are available. No written procedure, however, was posted and available for review.

Plan Of Action: Plan was to develop a written procedure for suggestions and then post.

Deadline Date: 12/01/2009

Supplier CAP: [Factory name] has a written procedure in place 12/1/09, and this has been posted.

Supplier CAP Date: 12/01/2009

Action Taken: Written plan was developed and posted 12/1/2009.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: 1. No appeal system for workers exists in the factory for those who receive disciplinary actions or termination by factory.

2. No updated employee handbook was provided to the workers.

Plan Of Action: Plan was to post the Employee Manual on the Corporate Bulletin Board. This manual can be used and accessed by all employees. The appealing system is described in the manual.

Deadline Date: 12/01/2009

Supplier CAP: The Employee Manual was posted on the Corporate Bulletin Board on 12/1/09. This manual can be used and accessed by all employees. The appealing system is described in the manual.

Supplier CAP Date: 12/01/2009

Action Taken: The Employee Manual was posted on the Corporate Bulletin Board on 12/1/09. This manual can be used and accessed by all employees. The appealing system is described in the manual.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Harassment or Abuse: Discipline/Written Disciplinary System

H&A.5 Employers shall maintain a system of written disciplinary rules, procedures and practices. Disciplinary rules, procedures and practices shall be clearly communicated to all workers. (P)

Noncompliance

Explanation: No Employee Manuals are available for employees. Factory stated that they are working on the updated Employee Manuals and should be done shortly. However, we have cited this issue for the brand to see how sustainable the effort of remediation by the factory will be.

Plan Of Action: Plan was to post the Employee Manual on the Corporate Bulletin Board. This manual can be used and accessed by all employees. The appealing system is described in the manual.

Deadline Date: 12/01/2009

Supplier CAP: The Employee Manual was posted on the Corporate Bulletin Board on 12/1/09. This manual can be used and accessed by all employees. The appealing system is described in the manual.

Supplier CAP Date: 12/01/2009

Action Taken: The Employee Manual was posted on the Corporate Bulletin Board on 12/1/09. This manual can be used and accessed by all employees. The appealing system is described in the manual.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Child Labor: Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Noncompliance

Explanation: Proof of age document for workers was not maintained.

Plan Of Action: No plan necessary. The home workers employed by the [factory name] are regulated by the law "Domestic Workers Law" enacted May 16, 1970 and revised April 25, 2001. Full-time and part-time employees are identified in the required taxation documents which require the proof of birth. Therefore the proof of age requirement is complied with.

Deadline Date: 03/01/2010

Supplier CAP: Already completed - proof of age is required for taxation documents referenced above [factory name] records on: name, birth date, home address, chart of address, phone number, bank account for the payment for all home workers. Payment records can be verified with the Japan Tax Office.

Supplier CAP Date: 05/18/2010

Action Taken: None. Proof of age already required per taxation documents.

Plan Complete: Yes

Plan Complete Date: 05/18/2010

Miscellaneous: Possible Homework

MISC.2 Possible Homework

Noncompliance

Explanation: As per factory management, about 700 regular home workers were hired. Home workers were found not properly registered with personnel records such as copy of identification, mutual understanding agreement of not using any child labor, minimum wage guarantee, compensation and benefits, etc.

Plan Of Action: No plan necessary. [Factory name] abides by the "Domestic Workers Law" in Japan enacted May 16, 1970 and revised April 25, 2001. The birth date of home workers and their address are filled in by the home workers on page 1 and this information is collected, reviewed by [factory name] management, and approved.

Deadline Date: 01/04/2010

Supplier CAP: [Factory name] abides by the "Domestic Workers Law" in Japan enacted May 16, 1970 and revised April 25, 2001. The birth date of home workers and their address are filled in by the home workers on page 1 and this information is collected, reviewed by [factory name] management, and approved.

Supplier CAP Date: 01/04/2010

Action Taken: [Factory name] maintains records for all home workers for: name, birth date, home address, chart of address, phone number, bank account for the payment. Payment records can be verified with the Japan Tax Office.

Plan Complete: Yes

Plan Complete Date: 05/18/2010

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: Insufficient fire drill and evacuation training for workers The last fire drill was done in September 2004, workers did not receive any training on evacuation procedure.

Plan Of Action: Plan was to develop a written company fire drill procedure and report to the local government fire station in the district.

Deadline Date: 04/23/2010

Supplier CAP: Procedure was written. Company reported the drill to the local government fire station in the district. Photos were taken of the drill. Drills will be conducted once a year.

Supplier CAP Date: 04/23/2010

Action Taken: Procedure was written 4/23/10. Company reported the drill to the local government fire station in the district. Photos were taken of the drill. Drills will be conducted once a year. Drill was conducted and photos taken. Procedure was written.

Plan Complete: Yes

Plan Complete Date: 04/23/2010

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Workers were not equipped with earplugs when working in the blowing section at [city name] factory. Sound level inspection was not available for review.

Plan Of Action: Plan is to make earplugs available to employees in the blowing section.

Deadline Date: 12/01/2009

Supplier CAP:

Supplier CAP Date: 12/01/2009

Action Taken: By 12/1/2009 all applicable employees were given earplugs.

Plan Complete: Yes

Plan Complete Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: No MSDS posted or labeled for the spot remover.

Plan Of Action: Plan is to post the MSDS in the area of the spot remover.

Deadline Date: 12/01/2009

Supplier CAP: The factory plans to post all relevant MSDS in the required spot remover area.

Supplier CAP Date: 12/01/2009

Action Taken: The factory posted the required MSDS sheet by 12/1/09.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: No MSDS posted for the spot remover.

Plan Of Action: Plan is to post MSDS for the spot remover and assure MSDS is posted in all relevant areas.

Deadline Date: 12/01/2009

Supplier CAP:

Supplier CAP Date: 12/01/2009

Action Taken: MSDS was posted 12/2/2009 in the spot remover area.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: Factory have personnel trained in basic first aid, however, no related training certificates were available. No clinic or other medical facilities with trained medical personnel was available at the facility.

Plan Of Action: No plan required as the [factory name] has contact with a neighborhood hospital, and should any medical condition or emergency arise that could not be handled by personnel within the company; this facility can handle the condition. [Factory name] insists this agreement meets the requirements of the law and is providing the personnel with adequate protection.

Deadline Date: 11/02/2009

Supplier CAP: [Factory name] has contact with a neighborhood hospital, and should any medical condition or emergency arise that could not be handled by personnel within the company, this facility can handle the condition.

Supplier CAP Date: 11/02/2009

Action Taken: The date provided is given to fill in the file, but the medical facility noted was available at the time of the audit and may not have been explained adequately to the auditors. The [factory name] has contact with a neighborhood hospital, and should any medical condition or emergency arise that could not be handled by personnel within the company, this facility can handle the condition. [Factory name] insists this agreement meets the requirements of the law and is providing the personnel with adequate protection. Supplier insists that the spirit of the law, the emergency regulations and the protection of the employee is handled with the agreements made with local medical arrangements and that there is no nonconformance.

Plan Complete: Yes



Plan 02/02/2010
Complete
Date: